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SERVICE SECTOR INDICATORS

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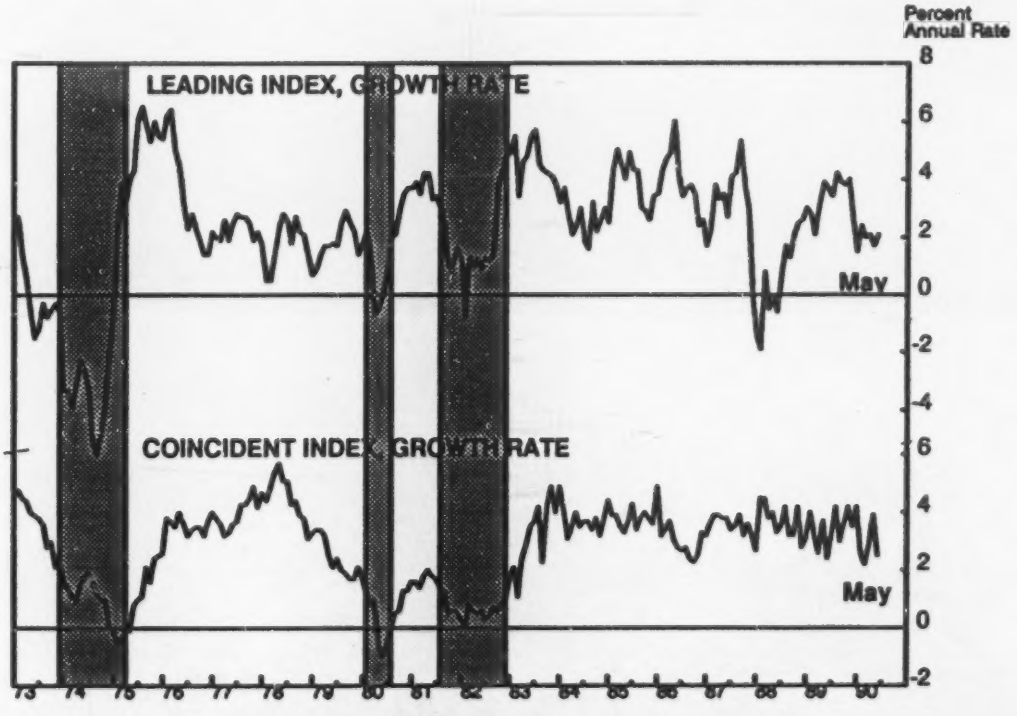
SERVICES LEADING INDEX INCHES UP

The leading index of service sector activity, compiled by the Columbia Business School's Center for International Business Cycle Research, rose six-tenths of a point in May, while its annualized growth rate rose from a revised 1.7% in April to a modest 2.1% in May. The rise was caused by increases in construction contracts for commercial buildings and stock prices in the service sector, offset by a drop in the average workweek in services.

However, the coincident index of service sector activity fell almost a point in May, pulling its smoothed annualized growth rate down from a revised 3.9% in April to 2.5% in May. This fall was caused by declines in employee hours and labor income in services, offset by a rise in personal consumption expenditures in the service sector.

Thus, the outlook for the service sector continues to be one of modest growth in the months ahead.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1988:						
Aug.	150.3	1.3	32.76	859	87.9	114.2
Sept.	150.8	2.1	32.88	789	91.0	113.4
Oct.	151.2	2.5	32.96	755	94.3	112.5
Nov.	151.3	2.6	32.77	802	91.7	114.3
Dec.	151.9	3.0	32.91	801	92.9	113.8
1989:						
Jan.	152.1	2.8	32.95	880	95.2	111.6
Feb.	152.0	2.1	32.75	742	98.7	113.0
Mar.	153.0	3.1	32.81	782	98.5	114.6
Apr.	154.0	3.9	33.07	766	102.5	113.1
May	154.3	3.7	32.75	810	108.0	114.8
June	154.5	3.4	32.76	838	111.6	113.6
July	155.6	4.2	33.03	780	116.5	112.7
Aug.	155.8	3.9	32.72	779	121.9	114.8
Sept.	156.2	3.8	32.81	819	122.1	113.6
Oct.	156.8	4.0	32.95	809	122.6	113.0
Nov.	156.1	2.6	32.74	717	120.1	114.1
Dec.	155.6	1.5	32.73	636	120.6	112.6
1990:						
Jan.	156.7	2.4	32.69	785	116.5	114.9
Feb.	156.7r	2.0r	32.81	651	112.1	115.4r
Mar.	157.2r	2.1r	32.86	672	114.6	114.5r
Apr.	157.2r	1.7r	32.92r	636	113.8	113.7
May	157.8	2.1	32.82	726	117.3	N.A.

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1988:						
Aug.	183.7	3.2	1880.8	1291.4	667.4	108.9
Sept.	184.2	3.2	1886.1	1285.6	673.6	109.2
Oct.	185.7	4.2	1891.4	1297.5	680.3	110.3
Nov.	184.9	2.8	1896.7	1292.6	672.6	110.0
Dec.	185.8	3.1	1899.5	1295.5	678.5	110.8
1989:						
Jan.	187.2	4.0	1902.3	1297.1	693.2	111.5
Feb.	187.0	3.2	1905.1	1311.7	683.7	111.2
Mar.	186.8	2.6	1910.0	1311.2	679.9	111.2
Apr.	188.4	3.7	1915.0	1315.7	690.5	112.5
May	187.6	2.4	1919.9	1318.4	682.5	111.5
June	188.9	3.2	1928.3	1322.9	692.4	112.2
July	190.4	4.2	1936.6	1327.3	702.4	113.2
Aug.	189.7	3.0	1945.0	1333.8	692.2	112.2
Sept.	190.8	3.6	1954.5	1337.7	699.8	112.8
Oct.	192.0	4.2	1964.0	1344.8	705.1	113.6
Nov.	191.8	3.5	1973.5	1350.7	698.2	113.4
Dec.	193.1	4.2	1975.8r	1361.2	707.9	113.9
1990:						
Jan.	192.1	2.6	1978.2r	1349.9r	694.7	114.6
Feb.	192.1r	2.2r	1980.5r	1356.8r	691.0	114.6
Mar.	193.3r	2.9r	---	1363.6r	698.7r	114.9
Apr.	194.8r	3.9r	---	1370.4r	707.2r	115.6r
May	194.0	2.5	---	1374.3	702.6	114.7

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.

r = revised.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.

4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.

5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.

6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.

9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.

11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.

12. Bureau of Labor Statistics, all employees.

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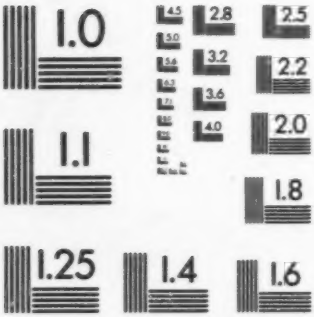
MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



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